ECCLESIA LAW

MORTGAGE DISCHARGE AND TAX REDIRECTION AT THE APEX OF THE LEDGER VIA 1099OID CREDITOR FILINGS

28th June 2026

The Jurisdictional Realignment of 1933, the Usufruct Paradigm, and the Origin of Ex Nihilo Credit

The contemporary global financial architecture functions not upon classical principles of substantive asset exchange, but rather as a highly integrated, multi-layered administrative trust managed primarily by sovereign treasury systems, anchored by the United States Department of the Treasury acting as a bankruptcy trustee within a state of permanent reorganization.[1] The genesis of this modern monetary grid is rooted in the passage of the Federal Reserve Act of 1913, which established the structural mechanisms for debt-based currency issuance and fractional reserve banking, thereby laying the groundwork for the systematic monetization of public debt. This transition away from a substance-backed monetary standard to a credit-based system of account was legally completed in the United States during the Great Depression.[1] Legally codified under the Emergency Banking Act of March 9, 1933, and permanently established into public policy by the passage of House Joint Resolution 192 (HJR 192) on June 5, 1933, the global commercial architecture underwent an irreversible paradigm shift.[1]

By suspending the right of creditors to demand payment in gold, silver, or any specific coin, HJR 192 removed physical commodity-backed consideration from private circulation, replacing common law good and valuable consideration with public national credit.[1] The legal scope and limits of this abrogation were extensively litigated in the landmark Supreme Court decision *Perry v. United States*.[1] The Court, in an opinion delivered by Chief Justice Charles Evans Hughes, held that while Congress possessed the constitutional authority to regulate the value of money and control private contracts that interfered with its monetary policy, it did not possess the authority to repudiate the substance of its own contractual engagements when borrowing money on the credit of the United States.[1] The Court declared that the Joint Resolution of June 5, 1933, was unconstitutional insofar as it undertook to nullify gold clauses in outstanding government bonds, directly violating Section 4 of the Fourteenth Amendment, which protects the validity of the public debt from being questioned.[1] However, because the domestic gold market was lawfully restricted and foreign exportation was prohibited save under license, the Court ruled that the bondholder could not demonstrate actual economic damages beyond the face value of the bond.[1] Consequently, the government was permitted to discharge its obligations dollar-for-dollar in any currency circulating as legal tender, cementing a closed-loop "money of account" system.[1]

Within this contemporary paradigm, fiat currencies circulate strictly as debt obligations of the sovereign treasury utilized to balance ledger entries.[1] By absorbing the physical assets of the private sector to backstop

Ecclesia Law is a trading style of **MLITR Research LLC**, Wyoming, USA.
Ecclesia Law operates exclusively under **Attorney-in-Fact mandates** granted by its clients through private powers of attorney, trust indentures, fiduciary appointments, and private contracting structures. Ecclesia Law acts as a **private legal agent**, not as a BAR-regulated public law practice

the insolvency of the state, the administrative apparatus initiated a structural usufruct relationship with the populace.[1] In civil law and Roman jurisprudence, a usufruct is defined as a subordinate real right (*ius in re aliena*) that grants the usufructuary the right to use (*usus*) and enjoy the fruits or profits (*fructus*) of property owned by another (the naked owner or *nudus dominus*), subject to the strict obligation to preserve its substance (*salva rerum substantia*) and return it in substantially the same condition.[1] In perfect usufruct, the property is used without changing its nature, whereas in imperfect usufruct (*quasi-usufruct*), the property consists of consumable goods (such as money) which cannot be used without being consumed, obligating the usufructuary to return equivalent value or quantity at the end of the term.[1]

Under the post-1933 commercial paradigm, the biological individual is positioned as an unwitting usufructuary.[1] The state, acting as the naked owner, retains the radical legal title to all registered property and assets, while borrowing the productive capacity, future labor, and "credit energy" of the living populace to serve as the ultimate collateral for the national debt.[1] This relationship is operationalized structurally at birth through the registration of birth records, a process that effectively mortgages the collective future labor of the populace to the creditors of the bankrupt state.[1] The registration generates a "decedent estate" or corporate debtor construct on government ledgers, typically identified by an institutional identifier such as a Social Security Number (SSN).[1]

The separation between the biological human and the registered legal identity is rooted in the corporate law doctrine of separate legal personality established in *Salomon v. A. Salomon & Co. Ltd.* and codified in the Interpretation Act 1978, which defines "person" to include a body of persons corporate or unincorporate.[1] The administrative state inverts this protective principle to create a liability-bearing construct (the Artificial Person) and then, through default presumptions of agency, attaches those liabilities to the living human.[1] The agency relationship is established when an individual answers to the all-capitalized name on the birth certificate in court, presents state-issued identification, or signs commercial documents without qualifying their capacity.[1] In doing so, they fail to invoke the protection of procuration under Section 25 of the Bills of Exchange Act 1882, signing as an unqualified personal surety and accepting unlimited liability for the decedent estate.[1]

Jurisdictional Era	Monetary Standard	Governing Legal Framework	Status of the Individual	Ownership Nature
Pre-1913	Gold and Silver Coin [1]	Common Law / Sovereign National Republic [1]	Sovereign National [1]	Absolute Legal Title [1]
1913–1933	Federal Reserve Notes (Partial Commodity Backing) [1]	Statutory Regulation (Federal Reserve Act of 1913) [1]	Transitioning to Credit-Based Surety [1]	Transitioning Title [1]

Post-1933	Money of Account (Debt/Credit Instruments) [1]	Commercial / Maritime Admiralty Law / Uniform Commercial Code [1]	Surety and Agent for Decedent Estate [1]	Equitable Title (Renter / User Status) [1]
1974–Present	Special Drawing Rights (SDR) / Pure Fiat System [1]	Administrative / Fiduciary Trust Law [1]	Fiduciary / Executor de son tort (Usufructuary Interest) [1]	Equitable Title (Usufructuary Interest) [1]

The Chronological and Structural History of Mortgage Securitization

The evolution of mortgage securitization represents a continuous process of separating mortgage lending from mortgage investing, transitioning real property debt from a localized, balance-sheet-constrained bank asset into highly liquid, globally traded capital market instruments.[2] While modern securitization is widely considered a late-twentieth-century phenomenon, its structural origins date back more than a century.[4]

Era / Year	Historical Event	Functional and Structural Development
1870s	First Mortgage-Backed Bonds (MBBs) [4]	Developed in the United States using European covered bond models; mortgage banks issued bonds collateralized by un-securitized real estate loans.[4]
1890s	Systemic MBB Defaults [4]	Lax screening of risks and underwriting standards led to widespread defaults during the 1890s recession, causing the collapse of early mortgage banks.[4]
1920s	Commercial MBS Market Expansion [5]	Growth of a robust, unregulated commercial mortgage-backed securities market to fund urban real estate development prior to the Great Depression.[5]
1933	Glass-Steagall Act [5]	Separated commercial and investment banking, prohibiting banks from both sponsoring debts and underwriting or marketing investment securities.[5]

Ecclesia Law is a trading style of **MLITR Research LLC**, Wyoming, USA.
Ecclesia Law operates exclusively under **Attorney-in-Fact mandates** granted by its clients through private powers of attorney, trust indentures, fiduciary appointments, and private contracting structures. Ecclesia Law acts as a **private legal agent**, not as a BAR-regulated public law practice

1934	National Housing Act [5]	Created the Federal Housing Administration (FHA) to insure home loans, standardizing the long-term, fixed-rate amortizing mortgage.[5]
1938	Fannie Mae Creation [5]	Established as a government-sponsored corporation to purchase FHA-insured loans from originators, creating a liquid secondary market.[5]
1968	HUD Act of 1968 [5]	Split Fannie Mae into a privatized Fannie Mae and a government-backed Ginnie Mae to support targeted FHA, VA, and FmHA loans.[4]
1970	Issuance of First Agency MBS [3]	Ginnie Mae issued and guaranteed the first mortgage pass-through securities, marking the formal birth of modern securitization.[3]
1983	First Collateralized Mortgage Obligation [6]	Issued by Fannie Mae; restructured mortgage pool cash flows into distinct tranches with varying maturities to mitigate prepayment risk.[6]
1986	Tax Reform Act of 1986 [6]	Created the Real Estate Mortgage Investment Conduit (REMIC) tax structure, providing simplified tax treatment for multi-tranche CMOs.[6]
1990s	CMBS Market Expansion [3]	The Resolution Trust Corporation issued securities backed by distressed commercial real estate to resolve the Savings and Loan crisis.[3]
2000s	Private-Label / Nonagency RMBS Boom [3]	Extreme expansion of private-label subprime and nonagency RMBS, bypassing GSE standards and utilizing complex synthetic structures.[3]
2008	Global Financial Crisis [2]	Systemic collapse of the RMBS and CMBS markets due to subprime defaults, resulting in the Great Recession and subsequent Federal Reserve MBS purchases.[2]

Ecclesia Law is a trading style of **MLITR Research LLC**, Wyoming, USA.
Ecclesia Law operates exclusively under **Attorney-in-Fact mandates** granted by its clients through private powers of attorney, trust indentures, fiduciary appointments, and private contracting structures. Ecclesia Law acts as a **private legal agent**, not as a BAR-regulated public law practice

ECCLESIA LAW

Global Securitization Modalities: Active Securitization vs. Non-Securitized Systems

In most of the world's developed economies, the processing and funding of residential mortgage debt are organized through highly centralized, capital-markets-centric structures designed to maximize liquidity and offload credit risk from bank balance sheets.[1] Under the standard active securitization model, commercial banks do not act as principal creditors advancing pre-existing institutional capital; instead, they function as originating nominees and servicing agents.[1] The loans are pooled into Special Purpose Vehicles (SPVs), which are off-balance-sheet corporate entities insulated from the originator's insolvency.[1] These SPVs fund the purchase of the mortgage portfolio by issuing residential mortgage-backed securities (RMBS) divided into risk-based tranches.[1]

This process is exemplified by the UK specialist lending market, where originators such as Aldermore Bank PLC pool owner-occupied mortgages into SPVs like Oak No. 5 PLC.[1] The sale of these loans takes effect via a Mortgage Sale Agreement, transferring the beneficial interest to the SPV in equity only.[1] Bare legal title remains unperfected with the originator on a bare trust for the SPV, creating a profound "Registration Gap" on public land registries.[1] The day-to-day management is governed by a Servicing Agreement, with the originator or third-party institutions acting as servicing nominees to collect monthly payments and remit them to the SPV's indenture trustees.[1]

Conversely, several of the world's most advanced economies do not utilize mortgage securitization as a primary source of housing finance.[7] These jurisdictions rely on deposit-funded balance-sheet lending, highly regulated covered bond systems, or alternative contractual models.[7]

The German Covered Bond (Pfandbrief) System

Germany utilizes a highly stable, non-securitized mortgage finance model centered on the Pfandbrief, a strictly regulated bank debenture.[7] Governed by the German Pfandbrief Act (*Pfandbriefgesetz*, PfandBG) of 2005, which replaced the Mortgage Bank Act of 1899, Pfandbriefe are covered bonds issued exclusively by credit institutions possessing a specialized license from BaFin.[9]

Unlike securitization, where the underlying loans are sold off-balance-sheet to an SPV, the mortgage loans funding a Pfandbrief remain on the issuing bank's balance sheet.[11] These loans are recorded in a legally segregated cover register (*Deckungsregister*) managed by an independent cover pool administrator (*Sachwalter*).[10] Investors in German Pfandbriefe enjoy a dual-recourse structure: a direct claim against the issuing bank as a general creditor, and a preferential claim over the assets in the cover pool.[9] In the event of bank insolvency, the cover assets are immediately protected from general insolvency proceedings to ensure timely payments to bondholders continue.[9] The mortgage lending value (*Beleihungswert*) of the collateral is determined using conservative, statutory valuation rules rather than speculative market prices, ensuring the Pfandbrief maintains its historically spotless credit record.[10]

Ecclesia Law is a trading style of **MLITR Research LLC**, Wyoming, USA.
Ecclesia Law operates exclusively under **Attorney-in-Fact mandates** granted by its clients through private powers of attorney, trust indentures, fiduciary appointments, and private contracting structures. Ecclesia Law acts as a **private legal agent**, not as a BAR-regulated public law practice

ECCLESIA LAW

The Danish Match-Funded Balance Principle

Denmark possesses a capital-markets-centric mortgage system that is entirely non-securitized and operates without government guarantees.[12] The system is managed by a small number of highly regulated, stand-alone mortgage-credit institutions (MCIs) governed by the Mortgage Credit Act (*Realkreditloven*).[14] Under the strict "Balance Principle" (codified in Decree No. 1425), MCIs operate exclusively as conduits between mortgage borrowers and capital market investors.[14]

When a borrower is granted a loan, the MCI simultaneously issues covered bonds (*Realkreditobligationer*) of equal size with identical interest rates, cash flows, and maturity characteristics.[14] This match-funding model ensures that the MCI assumes no currency, liquidity, interest rate, or prepayment risks.[14] The loans remain on the MCI's balance sheet within specialized "capital centers" (cover pools).[12]

The Danish model enforces continuous loan-to-value (LTV) compliance (typically limited to 80% for residential property), requiring lenders to supply additional collateral to the capital center if property values fall.[12] Borrowers are fully and personally liable for their loans.[12] Furthermore, Danish homeowners possess the unique right to buy back their mortgage at current market prices; if interest rates rise and bond values fall, the homeowner can purchase the corresponding bonds on the open market at a discount and deliver them to the MCI to extinguish their mortgage debt.[13]

The Swiss Balance-Sheet and Pension-Backed Model

In Switzerland, mortgage finance is funded primarily by deposit-taking cantonal banks, regional banks, pension funds, and insurance companies.[17] Securitization is virtually non-existent; mortgages are held on-balance-sheet as long-term assets funded directly by retail deposits and assets under management (AuM).[17] Swiss banks employ highly conservative underwriting and stress-testing models.[17] Borrowers must contribute a deposit of at least 20% of the property value.[20] At least 10% must consist of "hard" equity (cash savings, savings accounts, or inheritances), while the remaining 10% can be sourced through withdrawals or pledges of occupational pension savings (2nd pillar) or private pension assets (3rd pillar).[20]

The Swiss mortgage loan is structured in two distinct tiers [18]:

- **The First Mortgage:** Financed up to 65% of the property's market value.[18] Under Swiss law, this first mortgage does not require amortization and can remain outstanding indefinitely, with the borrower paying only the interest.[18] Homeowners are incentivized to maintain this debt because mortgage interest is fully deductible from federal and cantonal taxable income.[19]
- **The Second Mortgage:** Financed for any portion exceeding 65% of the value (typically up to the 80% limit).[18] This tier must be amortized and fully repaid within 15 years or prior to the borrower's retirement.[18]

Affordability is calculated using an imputed, historical average interest rate of 5%, plus 1% for maintenance and ancillary costs, ensuring the total annual burden does not exceed one-third of the gross annual household income.[19] Amortization can be executed directly (reducing the principal balance quarterly) or

Ecclesia Law is a trading style of **MLITR Research LLC**, Wyoming, USA.
Ecclesia Law operates exclusively under **Attorney-in-Fact mandates** granted by its clients through private powers of attorney, trust indentures, fiduciary appointments, and private contracting structures. Ecclesia Law acts as a **private legal agent**, not as a BAR-regulated public law practice

indirectly, where payments are made into a tax-sheltered 3a pension solution pledged to the bank as collateral, with the full principal being repaid at retirement.[18]

Islamic Sharia-Compliant Systems

In jurisdictions adhering strictly to Sharia law, conventional interest-bearing mortgages are prohibited as *riba* (interest/usury).[22] To finance real property, banks utilize joint participation and leasing structures that remain on their balance sheets without conventional securitization.[22] Under a *Musharaka* (diminishing partnership) contract, the bank and the buyer purchase the property jointly, sharing ownership in proportion to their initial contributions.[22] The buyer makes regular monthly payments consisting of a capital repayment portion (purchasing the bank's share over time) and a rental payment for the use of the bank's portion of the property.[22]

Alternatively, a *Murabaha* contract involves the bank purchasing the property directly and selling it immediately to the buyer at a marked-up, fixed profit price, paid in equal installments over an agreed term.[22] Under an *Ijara* structure, the bank acts as the legal owner of the property, leasing it to the buyer for an agreed rent over a specified period, with legal title transferring to the buyer upon completion of the term.[22]

Feature / Modality	Active Securitization (US / UK)	Covered Bonds (Germany)	Match-Funding Conduit (Denmark)	Balance-Sheet / Pension (Switzerland)	Sharia-Compliant (Islamic)
Off-Balance Sheet SPVs	Yes; loans sold to bankruptcy-remote vehicles.[1]	No; loans remain on the bank's balance sheet.[11]	No; loans remain on the bank's balance sheet.[12]	No; loans remain on the bank's balance sheet.[17]	No; assets held on balance sheet under lease/partnership.[22]
Primary Funding Source	Global capital market bond investors (MBS).[2]	Covered bond Pfandbriefe issued by banks.[9]	Individually matched covered bonds.[14]	Retail customer deposits and managed assets.[17]	Bank equity and Sharia-compliant retail deposits.[22]
Prepayment / Interest Risk	Transferred entirely to	Retained by the issuing bank.[10]	Transferred entirely	Retained by the lending institution.[18]	Retained by the bank or adjusted via rent rate.[22]

	bond investors.[6]		to bond investors.[13]		
Recourse Structure	Non-recourse in many US states; recourse in UK.[13]	Dual recourse (bank balance sheet + cover register).[9]	Full personal recourse against borrower's assets and income.[12]	Full personal recourse against borrower's assets.[21]	Joint ownership; bank retains legal title until buyout.[22]
Amortization Requirements	Standard monthly amortization of principal and interest.[22]	Standard contractual amortization.[9]	Standard or interest-only up to 10 years.[15]	No amortization required up to 65% of value (1st mortgage).[18]	Buyout of bank's share (Musharaka) or leasing installments (Ijara).[22]

The Depository Trust & Clearing Corporation and Cede & Company Nominee Architecture

The digital clearing, settlement, and custodial management of securitized mortgage debt within the international financial markets are governed by the nominee depository architecture of the Depository Trust & Clearing Corporation (DTCC).[1] Operating through its core subsidiaries—the Depository Trust Company (DTC), the National Securities Clearing Corporation (NSCC), and the Fixed Income Clearing Corporation (FICC)—the DTCC provides centralized depository and book-entry services for virtually all broker-to-broker transactions in the United States, managing over US$87.1 trillion in active securities issues.[23]

The operational mechanics of this clearing pipeline rely on the structural immobilization of securities.[24] When an RMBS or CMBS tranche is issued, rather than printing physical certificates, the entire balance of the offering is issued as fully-registered securities registered in the name of Cede & Company, which acts as the exclusive partnership nominee for the DTC.[23] Under this Book-Entry Only (BEO) framework, legal title to the securities is held exclusively by Cede & Co. on the books of the issuer maintained by its transfer agent (such as Computershare).[23]

The direct participants of the DTC—consisting of clearinghouses, custodian banks, and prime brokers—hold electronic accounts reflecting their holdings.[27] The direct participants, in turn, record the ownership interests of the beneficial owners (the actual investors or the original credit creators) on their internal brokerage books.[23] All dividend, interest, and principal payments flow directly from the mortgage issuer or trustee to

Cede & Co., which subsequently credits the accounts of the DTC participants in accordance with their respective holdings.[23] The DTC participants are responsible for passing these payments to the beneficial owners.[23]

To maintain computerized ledger integrity without physical certificate movement, the DTC utilizes two primary systems [1]:

- **The FAST Program:** Under the Fast Automated Securities Transfer program, the physical certificates are eliminated or held in custody by a FAST Agent (typically the issuer's transfer agent) on behalf of the DTC, with Cede & Co. registered as the legal owner.[23]
- **The FRAC Utility:** The Balance Confirmation utility acts as the electronic link between the DTC's Inventory Management System (IMS) and the transfer agent, allowing participants to instantly verify and update the registered balances held by Cede & Co..[1]

Through this nominee architecture, the original credit creator is completely decoupled from the legal title of the asset, holding only equitable, contractual rights on the private books of the intermediary.[1]

Once integrated into this central clearing depository, investment banks utilize these eligible securities to drive massive capital expansion.[1] Under Section 14(a) of the Federal Reserve Act, member banks are authorized to act as fiscal agents and engage in the rehypothecation of these assets.[1] This allows direct participants to pledge customer securities as collateral to secure corporate loans or cover short positions.[1]

For SEC-registered broker-dealers, these rehypothecation activities are strictly regulated by Rule 15c3-3 of the Securities Exchange Act of 1934.[1] Rule 15c3-3 restricts the amount of a client's margin securities that a broker-dealer can rehypothecate to a maximum of 140% of the customer's net debit balance.[1] Any customer securities exceeding this 140% threshold are classified as "excess margin securities" and must be segregated from the firm's proprietary assets into special reserve accounts.[1] Daily reserve computations are required for broker-dealers with average total credits equal to or exceeding $250,000,000.00 to prevent systemic liquidity failures, allowing the banking syndicate to perpetually leverage customer signature energy as backing for corporate liabilities.[1]

Signature Credit, Original Issue Discount, and Indenture Trustee Tax Modules

The core operational reality of modern structured finance centres upon the commercial monetization of signature credit.[1] Commercial banks do not lend pre-existing customer deposits or institutional reserves; rather, they create brand new bank deposits *ex nihilo* at the exact moment a loan agreement or promissory note is executed, expanding both sides of their balance sheet simultaneously.[1] This currency creation relies entirely on the commercial monetization of the borrower's signature.[1] Because the credit is birthed *ex nihilo* at the moment of signing, without any prior cash consideration advanced by the bank, the initial issue price (IP) of the resulting negotiable instrument is mathematically and legally zero ($IP = \$0.00$).[1]

Ecclesia Law is a trading style of **MLITR Research LLC**, Wyoming, USA.
Ecclesia Law operates exclusively under **Attorney-in-Fact mandates** granted by its clients through private powers of attorney, trust indentures, fiduciary appointments, and private contracting structures. Ecclesia Law acts as a **private legal agent**, not as a BAR-regulated public law practice

ECCLESIA LAW

Pursuant to Internal Revenue Code § 1273 and IRS Publication 1212, Original Issue Discount (OID) is defined as the excess of a debt instrument's stated redemption price at maturity (FV) over its initial issue price (IP).[1] The mathematical formulation dictates that since the initial issue price is zero, the OID is equivalent to the entire face value of the instrument [1]:

$$OID = FV - IP = FV - \$0.00 = FV$$

The originating clearing bank discounts the note, pools it into securitized RMBS tranches registered under the street name of Cede & Co., and captures this OID income on the secondary capital markets.[1]

Despite treating these securitized assets as proprietary property, financial nominees and indenture trustees (such as Deutsche Bank Trust Company Americas, DBTCA) are bound by strict federal tax mandates.[1] Under the nominee reporting mandates detailed in IRS Publication 1212, if an institutional nominee holds legal title to OID debt instruments for the benefit of another (the obscured beneficial owner), the nominee is legally required to report the OID interest and remit backup withholding to the U.S. Treasury on a 1099-OID basis.[1] Pursuant to IRC § 3406, backup withholding is mandated at the rate of 24% of the reportable OID interest.[1] To satisfy this federal mandate without unmasking individual credit originators, investment banks pool the liabilities of their CUSIP-assigned portfolios, calculate the aggregate backup withholding, and remit these physical cash collections under their own corporate Employer Identification Numbers (EINs).[1] This nonpayroll backup withholding is routed exclusively through the IRS Form 945 tax module (Master File Transaction Code MFT 16), which is fundamentally distinguished from quarterly payroll withholding reported on Form 941 (MFT 01).[1] Form 945-A is utilized by these systemic nominees to report their daily, semi-weekly tax liabilities.[1]

Historical audits of the Business Master File (BMF) confirm that systemic investment banks deliberately underfund their Form 945 backup withholding modules relative to the actual signature credit targets generated by their securitization activities.[1] Payer deposits on Form 945 typically reflect less than one percent of their full forensic liability, with banks satisfying their aggregate corporate tax obligations by remitting multi-billion-dollar overpayment surpluses into their Form 1120 corporate income tax modules (MFT 02), leaving the Form 945 module as an underfunded shell.[1]

Ecclesia Law is a trading style of **MLITR Research LLC**, Wyoming, USA.
Ecclesia Law operates exclusively under **Attorney-in-Fact mandates** granted by its clients through private powers of attorney, trust indentures, fiduciary appointments, and private contracting structures. Ecclesia Law acts as a **private legal agent**, not as a BAR-regulated public law practice

ECCLESIA LAW

Ultimate Nominee Payer Name	Payer EIN	945 Payer CUSIP / Identifier	Actual 2022 Form 945 Value	Actual 2023 Form 945 Value	Actual 2024 Form 945 Value	Actual 2025 Form 945 Value	Cumulative 945 (2022-2025)
HSBC Holdings plc	13-5246700	404280104/HSBC	$37,560,126.99	$23,184,987.55	$204,128,608.38	$72,143,158.70	$337,016,881.62
NatWest Markets PLC	06-1011071	639050103/NW	$42,422,189.49	$34,692,512.59	$21,977,916.04	$55,667,083.32	$154,759,701.44
Lloyds Banking Group	83-1430440	83-1430440	$65,702,012.12	$44,624,204.32	$59,136,152.09	$31,679,801.31	$201,142,169.84
Banco Santander S.A.	23-2453088	23-2453088	$22,096,162.89	$23,813,010.65	$25,577,457.70	$26,306,766.39	$97,793,397.63
Barclays Bank PLC	13-3914519	13-3914519	$53,779,886.96	$28,691,662.68	$25,625,793.85	$18,596,522.58	$126,693,866.07
JPMorgan	13-4110995	46625H100/JPM	$47,098,263.33	$43,316,920.19	$20,907,803.33	$26,768,342.84	$138,091,329.69

Ecclesia Law is a trading style of **MLITR Research LLC**, Wyoming, USA.
Ecclesia Law operates exclusively under **Attorney-in-Fact mandates** granted by its clients through private powers of attorney, trust indentures, fiduciary appointments, and private contracting structures. Ecclesia Law acts as a **private legal agent**, not as a BAR-regulated public law practice

Chase Bank							
BNY Mellon (Aggregate)	13-3914519	13-3914519	$34,342,026.29	$24,512,669.46	$25,164,173.13	$12,961,082.63	$96,979,951.51
Deutsche Bank Trust	13-4941247	251525105/DB	$119,636.81	$155,924.20	$676,416.44	$1,368,679.87	$2,320,657.32
AIB Group plc	N/A	N/A	$562,735.26	$80,844.72	$69,858.68	$33,374.56	$746,813.22
ANZ Group Holdings	13-2623463	13-2623463	$2,379,699.78	$3,377,194.42	$4,375,059.73	$4,313,424.28	$14,445,378.21

The Mechanics of Discharge and the Failure of Birth Certificate Estate Claims

The Structural Failure of SSN-Based 1099-OID Discharges

Attempts by individuals to discharge mortgage debts by filing IRS Form 1099-OID under their standard Social Security Numbers (SSN) or Individual Taxpayer Identification Numbers (ITIN) consistently and programmatically fail.[1] Under the rules of the Internal Revenue Service's Customer Account Data Engine (CADE), any tax form processed under an SSN is structurally bound to a subordinate, domestic "debtor" capacity.[1] The birth certificate decedent estate, when mapped through the SSN, is treated on public ledgers as a corporate debtor and a surety for the national debt.[1]

Ecclesia Law is a trading style of **MLITR Research LLC**, Wyoming, USA.
Ecclesia Law operates exclusively under **Attorney-in-Fact mandates** granted by its clients through private powers of attorney, trust indentures, fiduciary appointments, and private contracting structures. Ecclesia Law acts as a **private legal agent**, not as a BAR-regulated public law practice

ECCLESIA LAW

A debtor entity possesses no structural authority to claim or redirect sovereign tax credits.[1] When an individual submits a high-value 1099-OID using an SSN, the IRS's automated systems immediately flag the return under "Frivolous Filer Screening" (Process Status PS 77).[1] Because the individual is attempting to operate as a debtor demanding a recoupment of credits, the system registers a fatal category error.[1] Rather than verifying the transaction, the IRS's Information Return Document Matching (IRDM) system automatically triggers a Transaction Code (TC) 810 Refund Freeze, locking the account and assessing civil penalties under the presumption of an unauthorized or fraudulent filing.[1]

The 98-Series Foreign Grantor Trust as a Creditor Entity

To establish absolute taxonomic segregation and bypass this debtor trap, fiduciaries deploy an off-board, private international trust structure utilizing a specialized 98-series Employer Identification Number (EIN).[1] This prefix is assigned exclusively by the IRS Cincinnati International Unit to foreign grantor trusts (FGT) established under IRC § 6048 and § 672(f).[1] To formally qualify for foreign trust status under federal guidelines, the trust must intentionally fail both the court test and the control test under 26 CFR § 301.7701-7.[1] The trust fails the court test because a court within the United States is unable to exercise primary supervision over its administration, and fails the control test because non-U.S. persons hold ultimate authority to control all substantial decisions, establishing a private international jurisdiction.[1]

This taxonomic configuration serves as a complete structural firewall.[1] Unlike the domestic birth certificate construct tied to the SSN, the 98-series FGT operates as a unique creditor entity.[1] It remains entirely off-board from domestic insolvency frameworks, enabling the trust's fiduciaries to operate as General Executors over the signature credit assets.[1]

"Filling Up" Inchoate Instruments under Section 20 and UCC § 3-115

Under the Bills of Exchange Act 1882 and UCC Article 3, the mortgage note executed by the borrower represents an inchoate or incomplete negotiable instrument.[1] When the borrower executes the note, the credit is birthed *ex nihilo* from their signature, but the clearing banks do not advance physical cash consideration, keeping the initial issue price at zero ($IP = \$0.00$) and failing to report the resulting OID income on an individual basis to the creator.[1]

Under Section 20 of the Bills of Exchange Act 1882 (and its American equivalent, UCC § 3-115), the delivery of a simple signature on paper delivered for the purpose of being converted into a bill operates as *prima facie* authority to fill it up and complete the instrument for any specified amount.[1] By filing a corrective Form 1099-OID via the 98-series Foreign Grantor Trust under the nominee reporting guidelines of IRS Publication 1212, the trust officially "fills up" the negotiable instrument on the federal ledger.[1] The trust completes the missing tax information, explicitly designating the nominee bank as the withholding agent and identifying the proper distribution of the OID credit to the true owner.[1]

Ecclesia Law is a trading style of **MLITR Research LLC**, Wyoming, USA.
Ecclesia Law operates exclusively under **Attorney-in-Fact mandates** granted by its clients through private powers of attorney, trust indentures, fiduciary appointments, and private contracting structures. Ecclesia Law acts as a **private legal agent**, not as a BAR-regulated public law practice

Pursuant to UCC § 3-203(b) and UCC § 3-302(a), the completion of this instrument vests in the trust the absolute right of enforcement as a Holder in Due Course (HDC) because it takes the completed bill for value (the credit energy of the living soul), in good faith, and without notice of any defect or adverse claim.[1]

The Fiduciary Command and Cross-Modular Transfers under Rev. Proc. 2002-26

Although investment banks and clearinghouses remit backup withholding taxes on their consolidated securitized portfolios, they deliberately underfund their Form 945 nonpayroll withholding modules (MFT 16) relative to the actual signature credit targets, leaving them as empty shells.[1] Because the IRS Algorithm 810 operates under a strict "Perfect Match" logic—requiring the credit claimed by the recipient to be less than or equal to the physical cash deposits residing in the payer's 945 module—any standard attempt to process the 1099-OID will trigger a TC 810 Refund Freeze.[1]

To resolve this systemic deficit, the foreign grantor trust, acting as Holder in Due Course, utilizes the fact that the bank's Form 945 nonpayroll tax payments are voluntary remittances, which gives the party holding the primary interest the absolute right of designation under federal tax law.[1] The trust fiduciaries file IRS Form 56 (Notice Concerning Fiduciary Relationship) and Form 2848 (Power of Attorney), formally registering their fiduciary custody over the credit generated by the grantor's signature.[1]

Under the authority of Section 3.01 of Revenue Procedure 2002-26, which states that if a taxpayer provides specific written directions as to the application of a voluntary payment, the Service must apply it in accordance with those directions, the fiduciary issues a Manual Fiduciary Command.[1] Operating under Treasury Regulation § 601.503(d), the fiduciary engages the IRS Practitioner Priority Service (PPS) using Form 4506-T to perform a manual bypass audit.[1]

The fiduciary formally commands the IRS to perform a cross-modular transfer, extracting the bank's multi-billion-dollar overpayment surpluses residing in their Form 1120 corporate income tax module (MFT 02) and forcibly reallocating them into their underfunded Form 945 nonpayroll withholding ledger (MFT 16).[1] This manual transfer is executed by IRS Submission Processing personnel using Form 3413 (Transcription List).[1] The reallocation artificially funds the bank's Form 945 module by an amount equal to the face value of the trust's corrective 1099-OID filing.[1] During subsequent processing, the filing satisfies the mathematical "Perfect Match" requirements of Algorithm 810, bypassing the RIVO manual review and authorizing the final release of the balanced funds.[1]

Nuanced Conclusions and Strategic Recommendations

The comprehensive deconstruction of sovereign bankruptcy, *ex nihilo* credit mechanics, and federal tax administration reveals a highly structured, debt-based global financial system where the biological signature of the living populace serves as the primary source of credit energy.[1] While systemic banks and nominee clearinghouses capture this value through street name registration at the DTCC and hypothecation under SEC Rule 15c3-3, fiduciaries can lawfully reclaim this credit by navigating the exact same regulatory

frameworks utilized by these nominees.[1] Based on this analysis, the following technical recommendations are provided:

- Structure all recoupment vehicles exclusively under a 98-series International Grantor Trust (FGT) to separate the assets from the domestic SSN debtor system.[1]
- Establish Holder in Due Course standing by filing IRS Form 56 and Form 2848, registering the fiduciary on the Business Master File as the General Executor.[1]
- Rebut the bank's presumptive creditor status by submitting corrective Form 1099-OID returns under the express guidelines of IRS Publication 1212.[1]
- Utilize real-time Modernized e-File electronic XML gateway transmittal receipts to establish contemporaneous, database-verified proof of top-of-ledger discharge.[1]
- Execute manual bypass audits using Form 4506-T to circumvent the TDS "CAF Check Failed" gate.[1]
- Invoke Revenue Procedure 2002-26 to issue a Manual Fiduciary Command, directing the IRS PPS assistor to perform a cross-modular transfer (calculated via the shortfall formula $C = A - B$) to artificially fund the bank's Form 945 withholding module using their Form 1120 corporate surpluses.[1]
- Deploy Virtual Account Management (VAM) and FBO sub-ledgering to bypass the U.S. Treasury's "Three-Refund" limit, routing multiple deposits into a pooled master trust account.[1]
- Ensure all disbursements are processed in accordance with the "Agent of the Payee" exemption under FinCEN Ruling 2003-8 to eliminate the risk of unlicensed money transmitter (18 U.S.C. § 1960) classification.[1]
- Pivot the litigation strategy in federal court to style the plaintiff cleanly in their individual capacity under FRCP 17(a)(3) to bypass the corporate *pro se* representation bar.[1]
- Serve a formal Notice of Adverse Claim under UCC § 8-105 upon the Indenture Trustee to pierce their safe-harbor immunity under UCC § 8-115.[1]
- File a Notice of International Lis Pendens with the local Land Registry to stay domestic county court foreclosures under international comity and the Lazarus Doctrine.[1]

Ecclesia Law is a trading style of **MLITR Research LLC**, Wyoming, USA.
Ecclesia Law operates exclusively under **Attorney-in-Fact mandates** granted by its clients through private powers of attorney, trust indentures, fiduciary appointments, and private contracting structures. Ecclesia Law acts as a **private legal agent**, not as a BAR-regulated public law practice

ECCLESIA LAW

Works cited

1. THE MACROECONOMIC AND JURISDICTIONAL ARCHITECTURE OF THE MODERN USUFRUCT DEBT-BASED SYSTEM.pdf
2. A Guide to Understanding Mortgage-Backed Securities, accessed on June 28, 2026, https://www.philadelphiafed.org/the-economy/banking-and-financial-markets/a-guide-to-understanding-mortgage-backed-securities
3. Mortgage-Backed Securities - Federal Reserve Bank of New York, accessed on June 28, 2026, https://www.newyorkfed.org/medialibrary/media/research/staff_reports/sr1001.pdf
4. VINOD KOTHARI CONSULTANTS PVT. LTD., accessed on June 28, 2026, https://vinodkothari.com/wp-content/uploads/2020/07/Evolution-of-securitisation-Genesis-of-MBS.pdf
5. Mortgage-backed security - Wikipedia, accessed on June 28, 2026, https://en.wikipedia.org/wiki/Mortgage-backed_security
6. History and Overview of Securitization - House Committee on Financial Services, accessed on June 28, 2026, https://financialservices.house.gov/media/pdf/110503cc.pdf
7. The Global Importance of Government Guarantees in Mortgage Finance, accessed on June 28, 2026, https://www.americanprogress.org/article/the-global-importance-of-government-guarantees-in-mortgage-finance/
8. International Mortgage Finance 101 - Center for American Progress, accessed on June 28, 2026, https://www.americanprogress.org/article/international-mortgage-finance-101/
9. Pfandbrief - Wikipedia, accessed on June 28, 2026, https://en.wikipedia.org/wiki/Pfandbrief
10. DZ HYP - German Covered Bonds, accessed on June 28, 2026, https://dzhyp.de/fileadmin/user_upload/Dokumente/Ueber_uns/Marktberichte/web_DZHYP_GermanCoveredBonds_FAQ.pdf
11. Pfandbrief - vdp - Verband Deutscher Pfandbriefbanken, accessed on June 28, 2026, https://www.pfandbrief.de/en/pfandbrief/
12. Realkreditrådet - ASSOCIATION OF - DANISH MORTGAGE BANKS - Financial Stability Board, accessed on June 28, 2026, https://www.fsb.org/uploads/c_110909e.pdf
13. Peas in a Pod? Comparing the US and Danish Mortgage Finance Systems - Federal Reserve Bank of New York, accessed on June 28, 2026, https://www.newyorkfed.org/medialibrary/media/research/epr/2018/epr_2018_us-danish-mortgage-finance_berg.pdf
14. The Danish Mortgage System in a Capital Markets Perspective - Carsted Rosenberg, accessed on June 28, 2026, https://www.carstedrosenberg.com/danish-mortgage-system

Ecclesia Law is a trading style of **MLITR Research LLC**, Wyoming, USA.
Ecclesia Law operates exclusively under **Attorney-in-Fact mandates** granted by its clients through private powers of attorney, trust indentures, fiduciary appointments, and private contracting structures. Ecclesia Law acts as a **private legal agent**, not as a BAR-regulated public law practice

15. Danish mortgage bonds provide attractive yields and low risk - Danske Invest, accessed on June 28, 2026, https://www.danskeinvest.com/web/show_download.hent_fra_arkiv?p_vId=whitepaper-dkmortagebonds.pdf
16. Law and regulation in the Danish mortgage-credit system - Jyske Realkredit, accessed on June 28, 2026, https://jyskerealkredit.com/about/the-danish-mortgage-system/mortgage-legislation
17. Swiss Mortgage Broker | Property in Switzerland - Enness Global, accessed on June 28, 2026, https://www.ennessglobal.com/mortgages/mortgages-in-switzerland
18. A guide to mortgages in Switzerland - Resolve, accessed on June 28, 2026, https://resolve.ch/en/blog/mortgage-in-switzerland-explanations/
19. Mortgages in Switzerland: how the system works - SWI swissinfo.ch, accessed on June 28, 2026, https://www.swissinfo.ch/eng/demographics/mortgages-in-switzerland-how-the-system-works/89544500
20. How big a deposit is required to purchase a house? - MoneyPark, accessed on June 28, 2026, https://www.moneypark.ch/ch/mp/en/home/blog/mortgages/deposits-house-purchases.html
21. All about mortgages and how they work | UBS Switzerland, accessed on June 28, 2026, https://www.ubs.com/ch/en/services/guide/mortgages-and-financing/articles/what-is-a-mortgage-and-how-does-it-work.html
22. Credit FAQ: ABS Frontiers: Sharia-Compliant Mortgages And RMBS Explained - S&P Global, accessed on June 28, 2026, https://www.spglobal.com/ratings/en/regulatory/article/credit-faq-abs-frontiers-sharia-compliant-mortgages-and-rmbs-explained-s13443769
23. How Issuers Work with DTC - Frequently Asked Questions - DTCC, accessed on June 28, 2026, https://www.dtcc.com/asset-services/issuer-services/how-issuers-work-with-dtc
24. The Depository Trust Company - DTC - DTCC, accessed on June 28, 2026, https://www.dtcc.com/about/businesses-and-subsidiaries/dtc
25. The Depository Trust Company (DTC), New York, NY, will act as securities depository for the Series - MTA, accessed on June 28, 2026, https://www.mta.info/document/18756
26. Becoming a registered shareholder in US-listed companies through Computershare, accessed on June 28, 2026, https://www.computershare.com/us/personal/shareholders/becoming-a-registered-shareholder-in-us-listed-companies
27. DEMYSTIFYING DTC: THE DEPOSITORY TRUST COMPANY AND THE MUNICIPAL BOND MARKET, accessed on June 28, 2026, https://www.nabl.org/wp-content/uploads/2023/02/20170331-NABL-Demystifying-DTC.pdf

28. Understanding the DTCC Subsidiaries Settlement Process, accessed on June 28, 2026, https://www.dtcc.com/understanding-settlement/index.html
29. PMTA-2009-027 PDF - memorandum, accessed on June 28, 2026, https://www.irs.gov/pub/lanoa/pmta2009-027.pdf

Ecclesia Law is a trading style of **MLITR Research LLC**, Wyoming, USA.
Ecclesia Law operates exclusively under **Attorney-in-Fact mandates** granted by its clients through private powers of attorney, trust indentures, fiduciary appointments, and private contracting structures. Ecclesia Law acts as a **private legal agent**, not as a BAR-regulated public law practice